



# Define Scope and Plan and Communicate the plan to the WHOLE Company

"There are no Secrets to Success. It is the result of Preparation, hard work, and learning from failure." - Colin Powell (American Statesman)

**Clearly defining the scope, creating a comprehensive plan, and ensuring open communication, a company can set the stage for a smooth and successful ERP implementation. Remember, the more the workforce understands and feels involved in the process, the higher the chances of successful adoption and utilization.**

First take a self-assessment when considering using an ERP system for operational improvement. These questions are crucial for evaluating your ERP needs and ensuring that the chosen system aligns with your business goals and resources.

- **This is the very first question you should ask yourself:** What if we just carry on working the way we are now? When it comes to allocating resources (time, money and people) for your project team, time is your most valuable resource. Be ready for a marathon, not a sprint! Depending on your starting point, using the ERP implementation as a quest for operational excellence might span months, even years. Your top talent will be involved on a full-time basis, working tirelessly to bring your vision to life.
- **Project Management:** Do I need a third-party partner for ERP project management, especially if my project team lacks significant ERP implementation experience?
- **Future Vision:** Where do I see my business in the next few years? Are there plans to hire additional staff or introduce new product/service lines? What capabilities will I need from my ERP system to support these growth objectives?

## 1. Define ERP Scope:

Begin by outlining what the ERP system is intended to achieve. This could range from integrating various business processes, streamlining supply chain management, enhancing customer relationship management, to financial and HR functions.

- **Business Process Integration:** Identify which processes you wish to integrate - from procurement, production, sales, to after-sales services.
- **Modules Required:** Decide on the specific ERP modules your company requires. Common modules include finance, HR, manufacturing, supply chain, and CRM.
- **Data Management:** Determine the data migration needs. Which data will be moved to the new ERP system, and how will the migration process take place?

## 2. Create a Plan:

- **Implementation Timeline:** Define a clear timeline, setting major milestones for each major phase of the ERP implementation.
- **Budget Allocation:** Set a realistic budget for the entire project. This should include all costs, software costs, consultancy fees, training, and any other associated costs such as the project team's time.
- **Education and Training Plan:** Design a training regimen to ensure that every user is well acquainted with the system.
- **Risk Management:** Identify potential risks associated with the implementation and devise strategies to mitigate them.
- **Review Mechanism:** Set up periodic review points to evaluate the progress of the implementation against the set milestones.

## 3. Communicate the Plan to the Whole Company:

- **Transparent Communication:** Openly share the reasons behind implementing the ERP system, its benefits, and how it aligns with the company's strategic goals. This should be done by the top management of the company.
- **Involve Key Stakeholders:** Engage department heads and key personnel in the planning process. They can provide valuable insights and will be pivotal in driving adoption in their respective teams.
- **Feedback Mechanism:** Establish channels through which employees can voice their concerns, questions, or feedback about the ERP system.
- **Training Sessions:** Organize informational sessions and workshops to familiarize the workforce with the new system.
- **Regular Updates:** Keep the whole company updated on the progress of the implementation. Celebrate milestones to keep morale high.

## ERP Benefits

- ERP systems provide accurate, real-time information about daily operations and help companies reduce operational costs by 23% while reducing administration costs by 22% (Aberdeen Group).
- 15% of ERP projects perform with no customization (Panorama ERP study).

- Modern ERP systems can increase on-time deliveries by 24% due to improved productivity, order tracking, and decision making (Aberdeen).
- By harnessing the power of modern ERP systems, midsized companies are not just adapting to change—they are generating a robust 21% growth in operating margins, reveals (Aberdeen).
- On average, ERP systems speed up order to shipment times for distributors by 23% (Aberdeen).
- 74.1% of ERP projects exceed budget (Panorama ERP study).
- With a modern ERP system, distributors deliver complete and on-time shipments 97% of the time (Aberdeen).
- ERP Streamlines workflow automation allowing companies to reduce operating costs by 22% and administrative costs by 17% (Aberdeen).
- ERP systems allow distributors inventory accuracy average of 97% (Aberdeen).

## ERP Failures

- Hershey's failed to deliver \$100 million dollars in candy for Halloween 1999 after a troubled ERP implementation caused serious operational problems (CIO Magazine).
- 61.1% of ERP implementations take longer than expected (Panorama ERP study).
- 74.1% of ERP projects exceed budget (Panorama ERP study).
- 22% of companies surveyed reported they just bought the first system they looked at (Capterra).
- 67% reported that they need a solution with more industry-specific functionality than their current ERP system gives them (Mint Jutras).
- 21% of ERP implementations fail to deliver significant business benefits (Panorama ERP study).
- 58% of manufacturers report they are doing too much non-value-added work (double entry in multiple systems) which is impacting productivity. Why? Because they are not using an industry-specific ERP system (Mint Jutras).
- 40% of ERP implementations cause major operational disruptions after go-live (Panorama ERP study).
- 23% are unable to grow their business as quickly as they would like and believe this to be because they lack the tools they need in their current ERP system (Mint Jutras).
- 74.1% of ERP projects exceed budget (Panorama ERP study).
- 28% report being unable to serve their customers as well as they would like due to a lack of functionality in their ERP system (Mint Jutras).

